

# Financial Aid News

## WASHINGTON HIGHER EDUCATION COORDINATING BOARD

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### Issue 29 — June 9, 2003

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#### Legislature approves budget for 2003-05

##### Financial aid programs see \$28 million increase over the next two years

State lawmakers last week approved a \$23 billion budget for the next two years that closes a \$2.6 billion financial shortfall without raising taxes. The compromise spending plan passed both houses by wide margins. Gov. Gary Locke is expected to sign the measure into law.

The "spread-the-pain spending plan," as Friday's [Olympian](#) called it, has bad news for nearly everyone — including higher education. The state's colleges and universities will share a \$131 million reduction in general funds. And students and parents will feel the sting in their pocketbooks. The plan authorizes 7 percent annual increases in resident undergraduate tuition for the next two years.

But the news was not as bleak as it might have been for needy and meritorious students. Faced with the largest budget shortfall in the state's history, lawmakers nevertheless increased financial aid funding by nearly \$28 million over the biennium. Most of that funding, \$26.1 million, goes to the State Need Grant (SNG) program to minimize the effect of tuition increases.

Another \$1.8 million provides a combined increase for the Washington Scholars and Washington Award for Vocational Excellence (WAVE) programs. Lawmakers intend this additional funding to restore the awards to the value of tuition and fees and allow for their increased use by students at state colleges and universities.

Legislators funded all other financial aid programs at 2002-03 levels — including the Promise Scholarship, State Work Study (SWS), Educational Opportunity Grant (EOG), and Health Professions Loan Repayment and Scholarship programs.

Passing a state operating budget was the main item of business for the 30-day special session that convened on May 12. Though the budget is now behind them, lawmakers expect to remain in Olympia through this week to finish their work for the year. No additional action concerning higher education or financial aid is expected, however.

### Key financial aid provisions of the 2003-05 state operating budget

<b>Tuition</b>	Caps annual tuition increases at 7 percent for resident undergraduates
<b>SNG</b>	Increases by \$26.1 million to minimize the effect of tuition increases — service level at 55 percent median family income
<b>Washington Scholars and WAVE</b>	Increases by a combined \$1.8 million to support increased use of the awards and with the goal of restoring award amounts to full tuition and fees
<b>Promise</b>	Maintains at 2002-03 level, \$12.1 million for the biennium
<b>SWS, EOG, Health Professions</b>	No change
<b>Tuition waiver restrictions</b>	Directs institutions to reduce tuition waivers by 2.5 percent in FY 2005; reduces state reimbursement for waivers by \$5.6 million

### With a budget in place, HECB readies award amounts and allocations for 2003-04

Now that the Legislature has passed a budget, Higher Education Coordinating Board staff have begun the final analysis required to establish SNG award amounts and determine SWS institutional allocations for the 2003-04 academic year.

Staff expect to complete this work within the next several days. Financial aid administrators will receive an e-mail notification of award amounts and SWS allocations as soon as the decisions are made.

The budget establishes the SNG median family income cutoff at 55 percent for 2003-04. SNG institutional reserves will be finalized following the 2002-03 reconciliation of records in August. In the meantime, schools are guaranteed at least 90 percent of their 2002-03 reserve and can award accordingly once grant amounts are established.

Since scholarship amounts for the Promise, Washington Scholars, and WAVE programs are prorated, based on available funding and the number of eligible applicants, the value of these awards cannot be set until later in the application period. Award amounts for these programs will be announced by July 25.